

Message Text

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EXDIS

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C O N F I D E N T I A L CAIRO 06849

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C O R R E C T E D C O P Y (PARAS THREE AND FOUR)

E.O. 11652: GDS

TAGS: ENRG, EG, IS

SUBJ: OIL EXPLORATION IN SINAI - GULF OIL ACTIVITY IN

- BUFFER ZONE

SUMMARY: SEISMIC WORK IN GULF OIL'S SINAI CONCESSION HAS
REACHED STAGE WHERE ACCESS TO BUFFER ZONE (BZ) WOULD BE
DESIRABLE. GULF BEING ENCOURAGED BY EGYPTIAN MILITARY
REGARDING PERMISSIBILITY OF OIL EXPLORATION IN BZ AND HAS
APPROACHED EMBASSY REGARDING POSSIBLE CHANGE IN
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ATTITUDE TOWARDS CIVILIAN ACTIVITIES IN BZ. EMBASSY AWARE
OF EGYPTIAN CONSTRUCTION ACTIVITY IN NORTHERN BZ RELATED
TO BEDOUIN SETTLEMENTS, BUT DOES NOT HAVE INFOR-
MATION ON BASIC CHANGE UN ATTITUDE ON
CIVILIAN ACTIVITIES IN BZ. REQUEST DEPARTMENT AND OTHER
ADDRESSEES ADVISE CURRENT THINKING ON THIS ISSUE TO ENABLE
US PROVIDE GULF WITH GUIDANCE. END SUMMARY.

1. AT HIS REQUEST, GULF OIL'S EGYPT MANAGER MICHAEL KONTZ CALLED ON EMBOFF FEBRUARY 28 TO DISCUSS GULF'S ACTIVITIES IN SINAI CONCESSION AREA. GULF SIGNED ITS EXPLORATION/ PRODUCTION AGREEMENT IN MAY 1977 FOR RIGHTS TO AREA IN NORTHERN SINAI JUST EAST OF SUEZ CANAL; EASTERNMOST THIRD OF AREA OVERLAPS SINAI BUFFER ZONE (SEE CAIRO A-97 OF JUNE 3, 1977 AND 77 CAIRO 9179). SEISMIC WORK BEGAN ALMOST IMMEDIATELY AFTER SIGNING IN AREA BETWEEN CANAL AND BUFFER ZONE, WHICH UNDER FULL EGYPTIAN CONTROL. AS PREVIOUSLY REPORTED, GULF DID NOT IMMEDIATELY PURSUE QUESTION OF ACCESS TO BZ. MATTER WAS DISCUSSED WITH US IN SPRING 1977 AND WE ADVISED GULF THAT COMPANY SHOULD RELY ON EGYPTIAN GOVERNMENT TO OBTAIN PERMISSION FOR EXPLORATION ACTIVITIES IN BZ. (SEE 77 CAIRO 6278).

2. ACCORDING TO KONTZ, SEISMIC WORK IN OPEN AREA NOW COMPLETED. IT WOULD BE HIGHLY DESIRABLE TO DO THE FINAL THIRD, WHICH IS IN BZ, AT THIS TIME, ALTHOUGH IT NOT ABSOLUTE NECESSITY. QUESTIONS ARISE, HOWEVER, BECAUSE GULF HAS BEEN GETTING ENCOURAGEMENT FROM EGYPTIAN MILITARY OFFICIALS IN SINAI WHO CLAIM THAT CIVILIAN ACTIVITIES ARE NOW PERMITTED IN BZ. KONTZ SAID HIS SEISMIC CREWS HAVE OBSERVED NUMEROUS EGYPTIAN CIVILIAN TRUCKS PROCEEDING INTO BZ LOADED WITH WORKERS AND BUILDING MATERIALS AND THAT EGYPTIAN MILITARY MANNING CHECKPOINT ON CONFIDENTIAL

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THE AL-ARISH-TO-QANTARA ROAD HAVE OPENLY INVITED THEM TO - PASS THROUGH (SIX MONTHS AGO THIS WAS STRICTLY FORBIDDEN TO FOREIGNERS, ACCORDING TO KONTZ). IF POLICY OR CIRCUMSTANCES HAVE NOW CHANGED, GULF WOULD LIKE TO KNOW SO THAT IT COULD FINISH ITS SEISMIC WORK. KONTZ ALSO SAID THAT ONE OF GULF/EGYPT'S BOARD MEMBERS IS RETIRED GENERAL WHO HAS CLOSE RELATIONS WITH GENERAL MAGDUB (FORMER HEAD OF SINAI LIAISON OFFICE AND NOW SEC/GEN, PERMANENT SECRETARIAT, NATIONAL DEFENSE COUNCIL). MAGDUB HIMSELF IS ENCOURAGING GULF TO MAKE DIRECT REQUEST TO UN, WHICH HE PREDICTS WILL BE APPROVED. KONTZ ALSO ASKED EMBASSY. ADVICE ON MAKING SUCH APPROACH.

3. EMBOFF REPLIED THAT TO OUR KNOWLEDGE SITUATION REGARDING CIVILIAN ACTIVITIES IN BZ HAD NOT CHANGED SINCE MATTER WAS DISCUSSED LAST YEAR. UN APPROVAL APPARENTLY CONTINGENT ON ISRAELI CONCURRENCE. ISRAELIS WANT TO DISCUSS MATTER DIRECTLY WITH EGYPTIANS. GOE MAINTAINS THAT UN CAN MAKE DECISION ON ITS OWN AND THAT ISRAELIS NEED NOT BE CONSULTED. AS RESULT, GOE RELUCTANT TO RAISE MATTER. WITH REGARD TO GULF APPROACH TO UN, IT STILL OUR ADVICE THAT SUCH APPROACH SHOULD BE MADE BY GOE

AND THAT THIS IS NOT COMPANY RESPONSIBILITY. EMBOFF ALSO SUGGESTED THAT GULF OIL REPS IN WASHINGTON RAISE QUESTION WITH DEPARTMENT TO DETERMINE IF THERE HAS BEEN ANY CHANGE IN EITHER UN OR ISRAELI POSITION OF WHICH WE UNAWARE. KONTZ SAID GULF MIDDLE EAST VP ANDERSON WOULD BE VISITING CAIRO IN MID-MARCH AND WOULD PROBABLY DISCUSS MATTER WITH MINPET HILAL. ANDERSON WILL ALSO CALL ON AMBASSADOR DURING VISIT.

4. COINCIDENTALLY, SAME SUBJECT CAME UP DURING MEETING MARCH 1 BETWEEN SINAI LIAISON CHIEF, MG KATEB, AND VISITING SENIOR SEMINAR PARTICIPANT PEYER FROM DOD AND POLCOUNS. KATEB SAID CIVILIAN ACTIVITIES, INCLUDING OIL EXPLORATION, IN NORTHER BUFFER ZONE POSE NO CONFIDENTIAL

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PROBLEM; CONSTRUCTION ACTIVITY HAS BEEN GOING ON THERE FOR SOME TIME. HE NOTED OIL EXPLORATION HAS ALREADY TAKEN PLACE IN SOUTHERN BUFFER ZONE. (COMMENT: WE ASSUME KATEB IS REFERRING TO MOBIL SEISMIC WORK SOUTH OF LINE E AND WEST OF LINE M WHICH IS NOT IN BZ.) ONLY PROBLEM, ACCORDING TO KATEB, IS IN CENTRAL BZ REGION WHERE HE WOULD HAVE TO MAKE SPECIAL ARRANGEMENTS BECAUSE OF EARLY WARNING STATIONS. KATEB DID NOT SPECIFICALLY ASSOCIATE UN WITH HIS STATEMENTS, ALTHOUGH HE IMPLIED UN CONCURRENCE.

5. COMMENT: CONSTRUCTION-RELATED ACTIVITY PROBABLY IS IN CONNECTION WITH CONSTRUCTION OF HOUSING, SCHOOLS, ETC., FOR BEDOUIN SETTLEMENTS. WE HAVE NO INDICATION HERE, HOWEVER, OF OFFICIAL CHANGE IN UN ATTITUDE TOWARD OTHER CIVILIAN ACTIVITY IN BZ. WOULD APPRECIATE ANY COMMENTS DEPARTMENT OR USUN MAY HAVE SO THAT WE CAN ADVISE GULF REP. IF DEPARTMENT PERCEIVES NO OBJECTION, MIGHT ALSO BE HELPFUL FOR JERUSALEM TO SOUND OUT GENERAL SIILASVUO ONCE AGAIN AS TO HIS CURRENT REACTION TO SUCH A REQUEST TO UN TO ENTER IF MADE BY GOE OR DIRECTLY BY GULGGULF. EILTS UNQUOTE VANCE

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